

# SUMMARY ANALYSIS OF AMENDED BILL

## Franchise Tax Board

Author: Ortiz Analyst: Roger Lackey Bill Number: SB 1980

Related Bills: See Prior Analysis Telephone: 845-3627 Amended Date: 05-03-2000

Attorney: Patrick Kusiak Sponsor:

**SUBJECT:** FTB Permit the Director of the Department of Social Services to Inspect Returns of Group Home Licensees

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced 02-25-2000.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED 02-25-2000 STILL APPLIES.

OTHER - See comments below.

### SUMMARY OF BILL

This bill, as it affects the department, would require the Franchise Tax Board (FTB) to permit the Director of Social Services (DSS) to inspect the income tax returns of a group home licensee where the Director has determined there is reasonable suspicion that the licensee has committed fraud that could be validated by specific and identified tax information.

This analysis will not address the bill's other changes regarding group home providers, as these other changes do not impact the FTB.

### SUMMARY OF AMENDMENT

The May 3, 2000, amendments added the requirement that no earlier than three years from the date that requested information is provided to the DSS, FTB must notify the group home licensee that this information has been provided to DSS. The bill requires the notice to describe the information provided by FTB to DSS.

Except for the amendment described above, the remainder of the department's analysis of the bill as introduced February 25, 2000, still applies. The unresolved implementation considerations, along with a new concern related to this amendment, are provided below.

#### Implementation Considerations

The bill would require the department to develop a new type of notice. Since DSS could request different information for each group home, the notice would have to be tailored for the specific information provided. However, assuming the number of requests by DSS would not be large, the impact of providing this information and sending notices to group home licensees is not expected to be significant.

#### Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

#### Legislative Director

#### Date

Johnnie Lou Rosas

6/5/00

The bill contemplates referral of allegations of fraud by group home providers to a unit within the Office of the Attorney General (AG) for further investigation and prosecution. The bill does not authorize disclosure of tax return information to the AG in connection with referral and investigations of fraud as contemplated by the bill. The disclosure of tax return information from the Director of DSS to the Office of the AG would be a violation of the state's existing disclosure laws.

The bill would permit the Director of DSS to inspect the income tax returns of a group home licensee where it has been determined, based on reasonable suspicion, that a group home licensee has committed fraud. "Reasonable suspicion" is not defined. Many criminal investigations require a showing of "probable cause" that a crime has been committed. It is not clear how "reasonable suspicion" under the bill differs from "probable cause."

BOARD POSITION

Pending.